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Annual statistical report on the procurement activities of the United Nations system, 2014

Goods and services

Executive summary

The Executive Director of UNOPS submits the present report on United Nations system procurement data to the Executive Board pursuant to its decision 2007/38. The complete report may be obtained in the language of submission from the Executive Board secretariat and at the United Nations Global Marketplace website. The report provides details of United Nations system procurement by country of supply.

Total United Nations system procurement during 2014, under all sources of funding, was $17.2 billion, which represents an increase of $1,154 million, or 7.2 per cent, over the previous year. The share of procurement from developing countries and countries with economies in transition has increased to 64.2 per cent, an increase of 3.4 percentage points.

The complete 2014 report contains:

(a) A trend analysis of United Nations procurement from developed countries, developing countries, and countries with economies in transition;
(b) A discussion of sustainable procurement in the United Nations system;
(c) An analysis of United Nations orders placed with companies that are signatories to the Global Compact of the United Nations;
(d) Tables listing combined United Nations system procurement, by country of supply;
(e) A ten-year comparison of the regional distribution of United Nations system procurement;
(f) Charts displaying procurement by the respective United Nations organizations;
(g) An analysis of the categories of goods and services procured by the United Nations system;
(h) A summary of procurement from countries that are members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development;
(i) A summary of procurement from the top 20 developing countries and countries with economies in transition;
(j) The top 10 goods and services categories procured by organizations of the United Nations system;
(k) A comparative analysis of the share of goods and services categories procured by each organization;
(l) A section covering major goods and services (over $30,000) procured by the respective United Nations organizations.

Elements of a decision

The Executive Board may wish to take note of the present report and welcome the data and analysis it contains.

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I. Introduction

1. UNOPS is pleased to be responsible for collecting and compiling system-wide procurement data on behalf of the United Nations system.

2. The 2014 annual statistical report analyses procurement from developing countries and countries with economies in transition and examines the performance of the United Nations system, in response to General Assembly resolution 57/279, which encouraged United Nations organizations to increase opportunities for vendors in developing countries and countries with economies in transition.

3. The 2014 annual statistical report compiles information supplied by 35 United Nations organizations. UNOPS relies on the cooperation of the participating entities in compiling and reporting these statistics.

4. The categorization of countries and territories used in the report adheres to that used by the Statistics Division, Department of Economic and Social Affairs of the United Nations. The report uses the following designations: developing countries; countries with economies in transition; and developed countries. The designations 'developing', 'in transition', and 'developed' are used for statistical convenience and do not express a judgment about the stage reached by a particular country or area in the development process.

5. The data in the 'goods' category is based on country of supplier; the data in the 'services' category is based on country of contractor. Moreover, purchase orders and contracts for services are reported by contract amount rather than by expenditures incurred. Many United Nations organizations cannot at the present time report data based on country of origin of goods, or on actual expenditures.

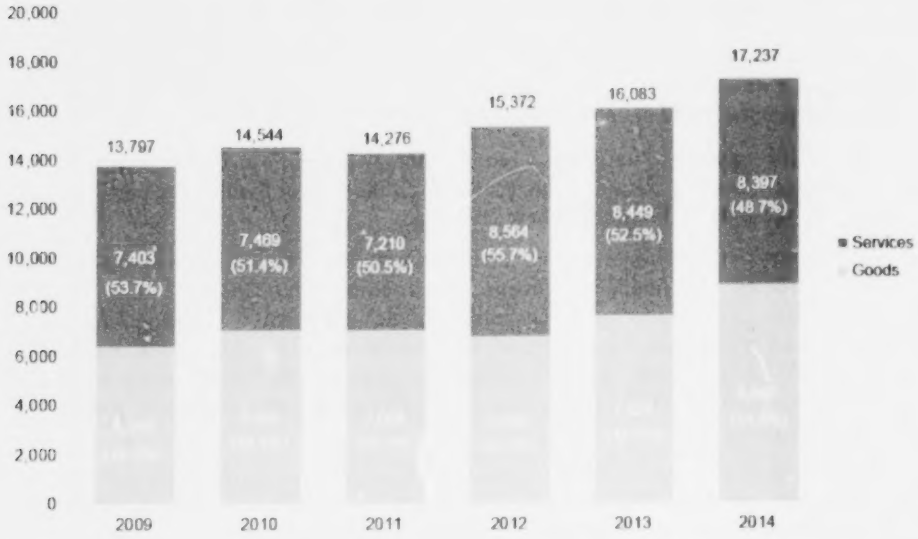
6. The 2014 report also looks at procurement by United Nations organizations from vendors supporting the United Nations Global Compact, which has over 12,000 registered members to date. That section of the report measures procurement by the United Nations system from companies that embrace universal principles in the areas of human rights, labour, environment and anti-corruption. Procurement from suppliers that are members of the Global Compact has decreased by 2 percentage points this year, from 27.2 per cent in 2013 to 25.3 per cent in 2014 (based on orders larger than $30,000). Organizations of the United Nations system give no preferential treatment to Global Compact signatories, but strongly encourage suppliers to subscribe to the Global Compact and support its underlying principles.

II. Total procurement of goods and services for operational activities of the United Nations system

7. The overall procurement volume (goods and services combined) of United Nations organizations during 2014 increased to $17.2 billion, from $16.1 billion in 2013 – an increase of 7.2 per cent[1] (figure 1). The total procurement of goods increased by $1,206 million, an increase of 15.8 per cent, while procurement of services decreased by $52 million, a slight decline of 0.6 per cent.

[1] This year, 35 United Nations organizations reported procurement statistics as compared to 33 in 2013. Three of these (the United Nations Framework Convention on Climate Change, the International Maritime Organization and the International Monetary Fund) are new to the 2014 report, and one (the Universal Postal Union) reported its procurement in 2013, but did not provide data for 2014. This change in participating organizations represents $ 322.5 million of the total increase in the reported United Nations procurement volume ($ 81.0 million in goods and $ 227.3 million in services).

Figure 1. Total procurement of goods and services, 2009-2014
(in millions of dollars)



8. The rise in the overall procurement volume is attributable mainly to increases in volume from three organizations[2]: the United Nations Children's Fund (UNICEF), the United Nations Procurement Division, and the United Nations World Food Programme (WFP)[3]. The increase was due in part to a rise in the procurement of food products, transportation services, fuel and pharmaceuticals.

9. Since 2008, the procurement of services by the United Nations system has exceeded its procurement of goods. In 2014, due to the increase in procurement of goods and the small decrease in procurement of services, the procurement of goods is again slightly larger in volume than the procurement of services, representing 51.3 per cent and 48.7 per cent of total procurement volume, respectively.

III. Countries of supply to the United Nations in 2014

10. The United Nations system procured goods and services from 194 countries in 2014, with 127 countries having an annual procurement volume of more than $10 million each in that year. The annual statistical report examines the performance of the United Nations system in increasing opportunities for vendors in developing countries and countries with economies in transition.

IV. Ten major countries of supply to the United Nations in 2014

11. The 10 major countries supplying United Nations organizations in 2014 included four developing countries or countries with economies in transition (see table 1), with the Russian Federation, the United Arab Emirates, Afghanistan, and India accounting for 41.3 per cent of the total procurement volume of the top 10 countries of supply. This corresponds to a 3.9 percentage point increase in procurement volume from

[2] Please see figure 7.
[3] These three organizations represent 97.7 per cent of the total increase.

developing countries and countries with economies in transition within the 10 major countries of supply, up from 37.4 per cent in 2013[4].

12. In 2014, procurement of goods and services from the Russian Federation represented 2.4 per cent of the total procurement volume. Procurement from the Russian Federation consisted primarily of transportation services and food supplies. Those goods and services were primarily procured by the United Nations Procurement Division, WFP, and UNICEF.

13. This is the second year in which the United Arab Emirates – where procurement consisted primarily of fuel, construction services, shelter equipment, and food products – appears on the list. Those goods and services were primarily procured by the United Nations Procurement Division, WFP, and the Office of the United Nations High Commissioner for Refugees.

Table 1. Top 10 countries supplying the United Nations system in 2014 (in millions of dollars and percentages of overall procurement volume)

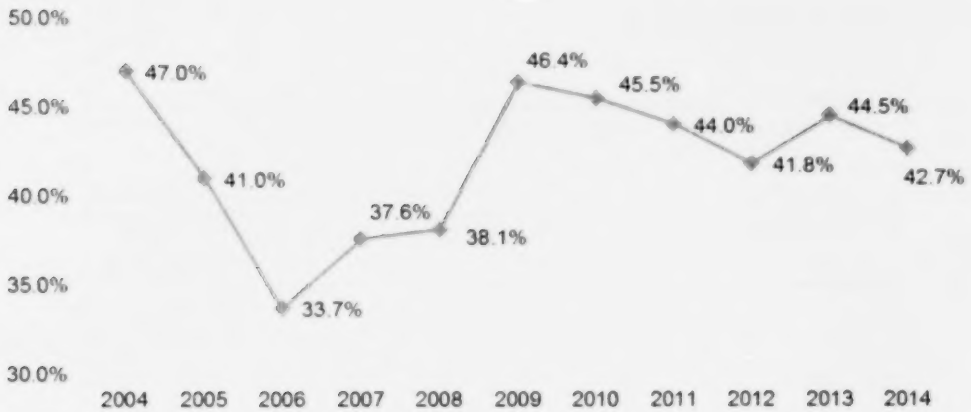
Countries	Goods	Services	Total	% of total
United States of America	642.49	863.87	1,506.36	8.74%
India	1,095.20	127.39	1,222.59	7.09%
Afghanistan	104.27	713.09	817.36	4.74%
Belgium	626.71	81.13	707.85	4.11%
Switzerland	201.92	418.79	620.71	3.60%
United Kingdom	271.09	321.62	592.72	3.44%
United Arab Emirates	515.19	58.23	573.43	3.33%
France	379.73	99.25	478.98	2.78%
Russian Federation	72.03	349.33	421.36	2.44%
Denmark	176.22	234.32	410.54	2.38%
Top 10 total	**4,084.87**	**3,267.03**	**7,351.90**	**42.65%**
Grand total	8,840.48	8,397.00	17,237.48	100%

14. Afghanistan has appeared on the list since 2004, and in 2014 was the third-largest country to supply the United Nations system. Procurement from Afghanistan consisted primarily of fuel, food products, and community services executed by UNDP and UNOPS.

[4] The corresponding statistic for 2012 was 43.9 per cent.

15. India has been on the list since 2000, and maintained its position as the second-largest country of supply to the United Nations system in 2014, with a 7.1 per cent share of total United Nations procurement volume – an increase of 0.4 of a percentage point over the previous year. Procurement from India included pharmaceuticals, food supplies, medical equipment, and management services, procured primarily by UNICEF, WFP, and the Pan American Health Organization.

Figure 2. Share of total procurement volume of the top 10 countries to supply the United Nations system, 2004-2014 (in percentages)

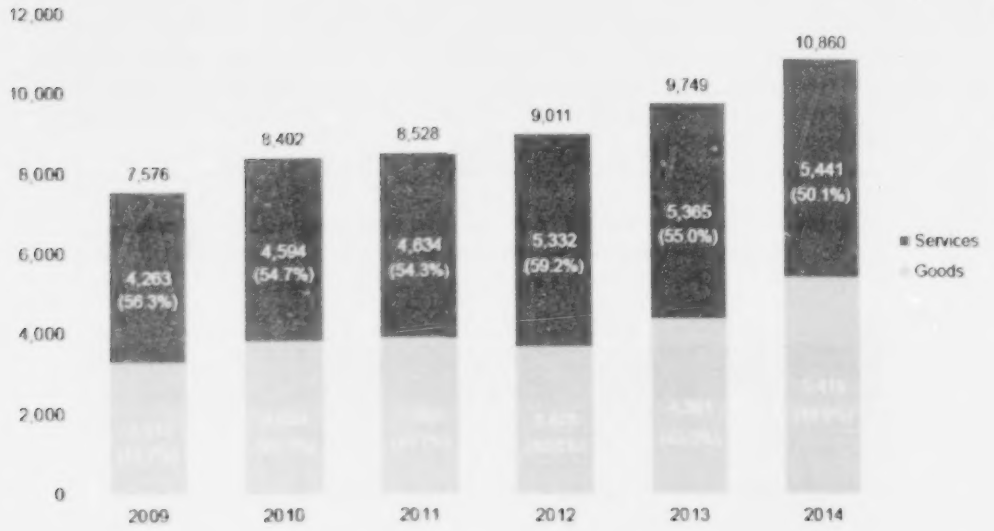


16. The percentage share of total goods and services procured from the top 10 major countries of supply to the United Nations system showed a promising decreasing trend between 2009 and 2012, representing a widening of the geographical spread of the United Nations sources of supply (figure 2). For 2014, this downward trend resumed and the share of the top 10 countries of supply to the United Nations decreased by 1.8 percentage points from 2013 to 2014. At the same time, the share of procurement from developing countries and countries with economies in transition within the 10 major countries rose, from 14.3 per cent in 2004 to 41.3 per cent in 2014.

V. Procurement from developing countries and countries with economies in transition

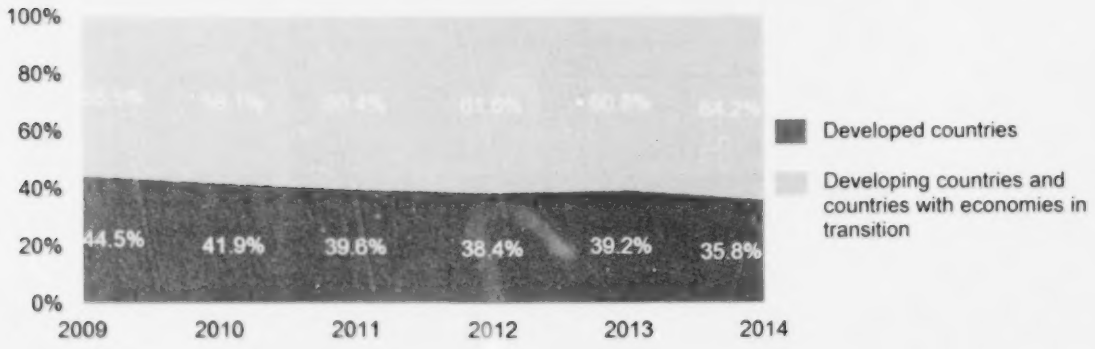
17. General Assembly resolution 57/279 encouraged United Nations organizations to increase opportunities for suppliers from developing countries and countries with economies in transition. The request was reiterated in General Assembly resolution 61/246, and, in response, United Nations organizations have placed more orders with suppliers from those countries. The growth of such orders continues to rise (see figure 3), with a cumulative increase of 43.3 per cent from 2009 to 2014. That increase represents an annual compounded growth rate of 9 per cent, compared with an overall average procurement volume growth of 7.5 per cent annually. In comparison, the annual compounded growth rate for developed countries was minus 0.2 per cent for the same period.

Figure 3. United Nations procurement from developing countries and countries with economies in transition, 2009-2014 (in millions of dollars)



18. In 2014, procurement from developing countries and countries with economies in transition increased by $1,111 million over 2013. Compared to the previous year, the share of procurement from developing countries and countries with economies in transition increased from 60.8 to 64.2 per cent (see figure 4). This represents the largest share of procurement from developing countries and countries with economies in transition to date.[5] Procurement from 'unspecified countries'[6] was $378.9 million in 2014.

Figure 4. United Nations procurement from developing countries and countries with economies in transition, 2009-2014 (as percentages)



[5] Since 2006, procurement from developing countries and countries with economies in transition has totalled more than half of the procurement volume of United Nations organizations.

[6] Countries are unspecified when organizations cannot attribute the origin of the supplier in their management information.

VI. Top 20 developing countries and countries with economies in transition supplying United Nations organizations

19. In total, procurement of goods and services from the top 20 developing countries and countries with economies in transition represented 39.6 per cent of overall United Nations procurement volume, an increase of 1.1 percentage points from the previous year. Table 2 provides a detailed overview of procurement volume trends, types of goods and services procured, and the share of United Nations organizations for each of the countries listed.

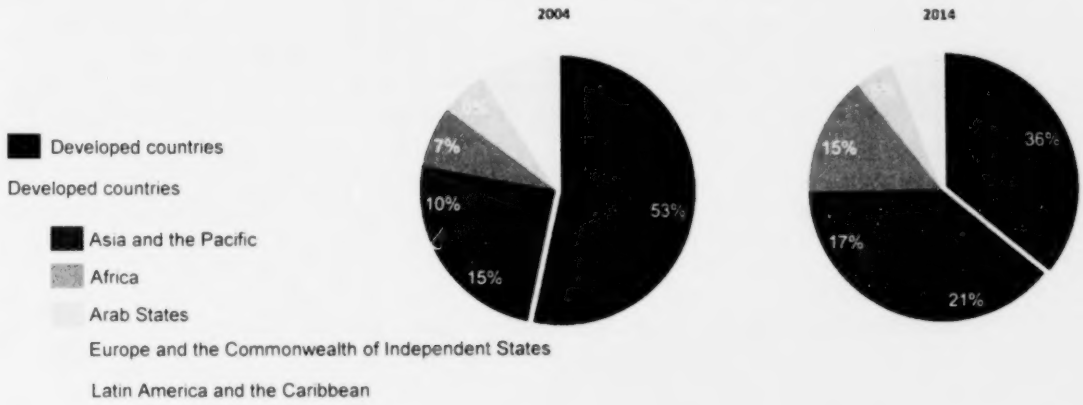
Table 2. Top 20 developing countries and countries with economies in transition supplying United Nations organizations in 2014 (in millions of dollars and by percentage)

Countries	Goods	Services	Total	% of total
India	1,095.2	127.4	1,222.6	7.09%
Afghanistan	104.3	713.1	817.4	4.74%
United Arab Emirates	515.2	58.2	573.4	3.33%
Russian Federation	72.0	349.3	421.4	2.44%
Kenya	133.8	259.3	393.1	2.28%
Turkey	339.6	41.0	380.5	2.21%
Ethiopia	137.7	177.5	315.1	1.83%
Sudan	188.5	101.4	290.0	1.68%
Syrian Arab Republic	138.4	130.8	269.2	1.56%
South Sudan	92.3	163.5	255.8	1.48%
Jordan	114.4	134.1	248.5	1.44%
Lebanon	104.6	133.2	237.7	1.38%
Iraq	92.8	129.9	222.7	1.29%
Mali	71.6	106.4	178.0	1.03%
Pakistan	79.7	96.9	176.5	1.02%
Republic of Korea	157.7	16.9	174.6	1.01%
South Africa	52.5	117.2	169.7	0.98%
China	126.9	36.8	163.6	0.95%
Argentina	82.5	81.0	163.4	0.95%
Panama	137.7	18.0	155.7	0.90%
Top 20	**3,837.20**	**2,991.76**	**6,828.95**	**39.62%**
Grand total	**8,840.48**	**8,397.00**	**17,237.48**	**100.00%**

VII. Procurement from developing countries and countries with economies in transition, by region

20. Over the last 10 years, the share of United Nations procurement from developing countries and countries with economies in transition has increased significantly. Figure 5, below, illustrates that increase by showing the distribution of United Nations procurement in 2004 and in 2014, where procurement from developing countries and procurement from countries with economies in transition are separated by region.[7]

Figure 5. Procurement volume of the United Nations system by region in 2004 and 2014 (in percentages)



21. Figure 5 shows that the share of procurement from developed countries has decreased over the last ten years (from 53 per cent to 36 per cent). This is consistent with United Nations resolutions encouraging United Nations organizations to increase opportunities for suppliers from developing countries and countries with economies in transition.

22. Countries with developing economies and economies in transition within the Arab States grouping have seen the largest increase during the last 10 years of their share of total procurement (with an increase from 7 per cent in 2004 to 15 per cent in 2014). Among countries within the Arab States grouping, the United Arab Emirates and the Syrian Arab Republic showed the largest growth during the last 10 years, with increases of $544 million and $258 million respectively.

23. The share of procurement from countries within Africa and the Asia-Pacific region has also risen during the last 10 years: from 2004 to 2014, the two regions have seen their share of United Nations procurement increase by 7 and 6 percentage points, respectively. Among countries in the Asia-Pacific region, India and Afghanistan have seen particularly large increases in their procurement volumes over the 10-year period: a $1 billion and a $619 million increase, respectively. In Africa, Kenya and Ethiopia represented the majority of the growth in procurement volume, with increases of $327 million and $273 million, respectively, over the past 10 years.

24. The share of procurement from the Europe and the Commonwealth of Independent States region decreased slightly, from 6 per cent in 2004 to 5 per cent in 2014. Turkey saw an increase of $320 in its procurement volume over the past 10

[7] Countries with developed economies have been separated to highlight the share of United Nations procurement from countries with developing economies and countries with economies in transition.

years, while procurement from the Russian Federation rose by $248 million over the same period.

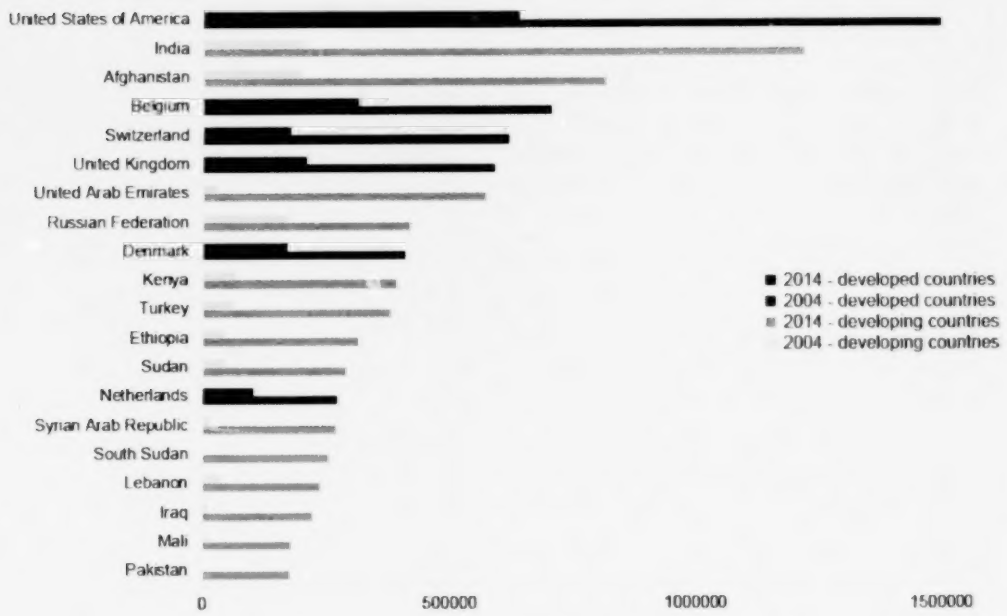
25. The Latin America and the Caribbean region also witnessed a decrease in its share of total United Nations procurement since 2004. Procurement from the region represented 6 per cent of total United Nations system procurement in 2014, a decrease from 9 per cent in 2004. It should be noted, however, that the procurement volume from countries in the Latin America and the Caribbean region has almost doubled over the past 10 years (from $513 million to $1,005 million).

VIII. Countries with largest increases in procurement volume from 2004 to 2014

26. As indicated previously, the share of United Nations system procurement from countries with developing economies and economies in transition has risen significantly over the last 10 years. Procurement from some of those countries therefore showed a larger-than-average growth during the period (see figure 6).

27. The five developing countries representing the largest increase in procurement volume saw their combined volume rise by more than $2.83 billion over the past 10 years: India, Afghanistan, United Arab Emirates, Kenya and Turkey. Each of these countries saw their procurement volume increase by 500 per cent or more from 2004 to 2014, except for Afghanistan, which rose 312 per cent.

Figure 6. Countries with largest rises in procurement volume between 2004 and 2014
(in thousands of dollars)



28. Despite the decrease in the share of procurement coming from developed countries over the past 10 years, some developed countries have seen their procurement volume to the United Nations system grow substantially since 2004. The United States of America, with an increase of $866 million (135 per cent), and Switzerland, with an increase of $443 million (250 per cent), witnessed the largest growth among developed countries during the period.

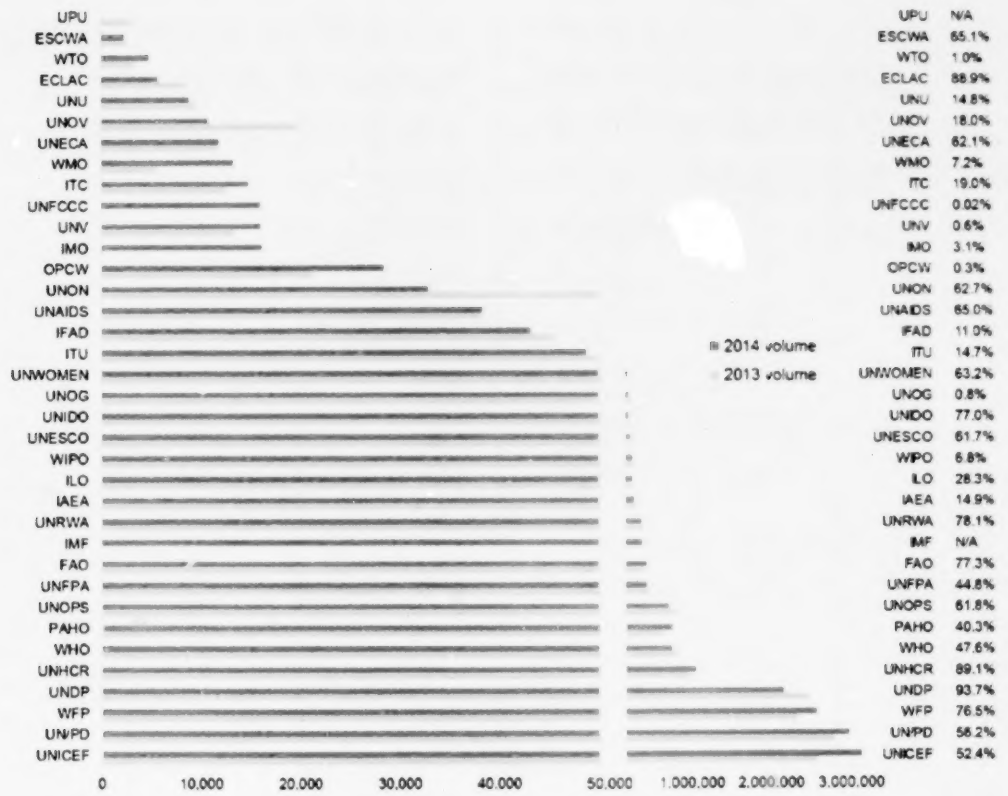
29. Globally, the procurement volume of the United Nations system rose by $10.8 billion from 2004 to 2014.

IX. Procurement by organizations of the United Nations system in 2013 and 2014

30. Figure 7, below, presents the procurement volume of the individual United Nations organizations in 2013 and 2014, and includes the percentage share of procurement from developing countries and those with economies in transition[8].

31. Although the total procurement of the United Nations system increased by $1,154 million in 2014, 14 of the 35 reporting organizations witnessed a decline in their procurement volume. Five organizations saw their procurement volume increase by more than 20 per cent over their 2013 volume. The United Nations Procurement Division, UNICEF, and WFP showed an increase of more than $200 million each, together representing 97.7 per cent of the total increase in procurement volume from 2013 to 2014[9].

Figure 7. Total procurement by United Nations organizations and share of procurement from developing countries and countries with economies in transition, in 2013 and 2014 (in thousands of dollars, with percentages)



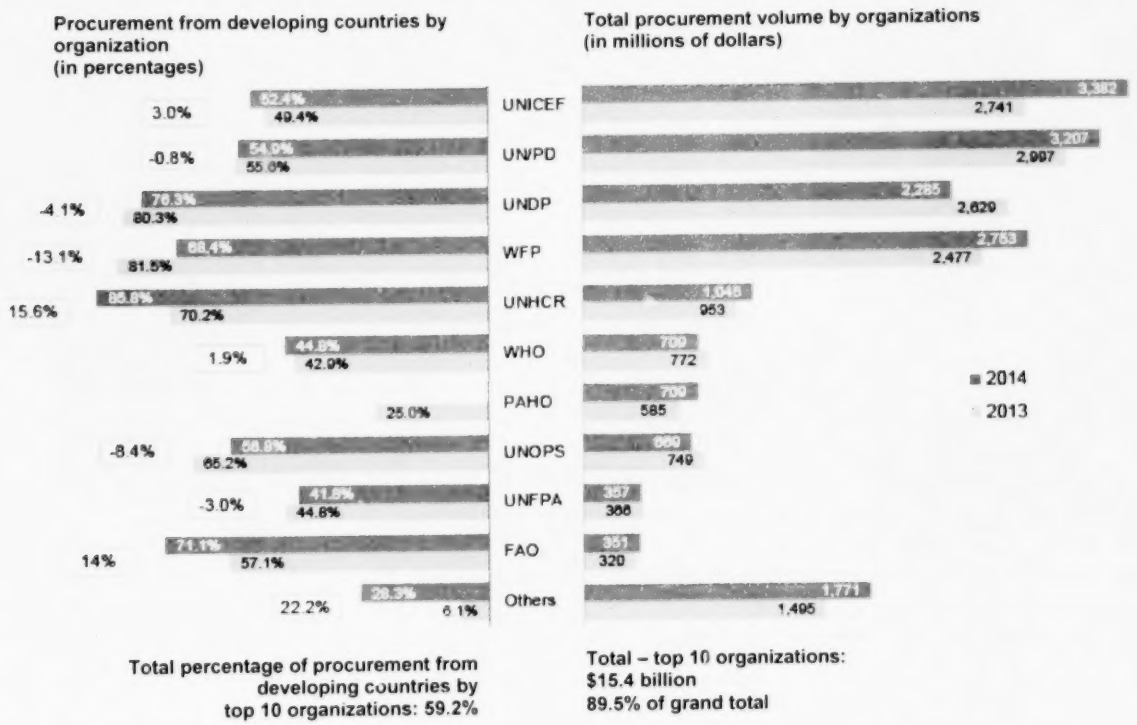
[8] The right-hand column shows the percentage of 2014 procurement volume from developing countries and countries with economies in transition.

[9] These three organizations accumulated a $1,127 million increase in procurement volume from 2013 to 2014.

X. Procurement from developing countries and countries with economies in transition by the largest United Nations organizations

32. Figure 8 displays the procurement volume by the 10 largest United Nations organizations, which as a group represented 90.4 per cent of the overall procurement volume of the United Nations system. The figure also shows the 2014 share of procurement from developing countries and countries with economies in transition, with the change in percentage points over the previous year. Organizations are listed in descending order by total procurement volume in 2014. Procurement from developing countries and countries with economies in transition increased, with $1.5 billion from the top 10 organizations.

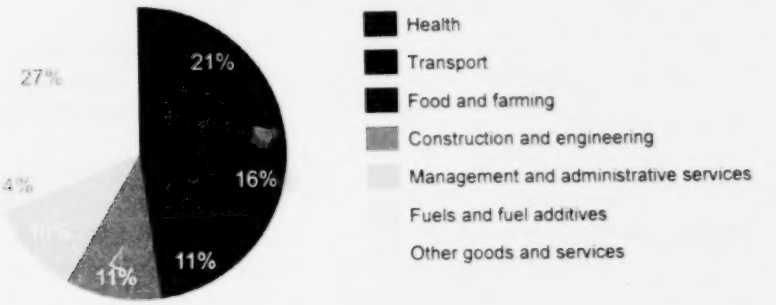
Figure 8. Procurement of organizations of the United Nations system from developing countries and countries with economies in transition, in 2013 and 2014



XI. Procurement by sectors of categories of goods and services

33. Procurement of goods and services by the United Nations system falls into a wide variety of categories, which can be grouped into sectors that relate to the different areas of procurement that support the operational activities of the organization. Figure 9 shows the distribution of United Nations system procurement across the largest sectors of goods and services categories.

Figure 9. Procurement of the United Nations system by sector of goods and services, 2014 (in percentages)



34. The figure illustrates that two sectors are significantly larger than others in terms of procurement volume: the health sector (pharmaceuticals, health-care services, and medical and laboratory equipment) and the transport sector (transport services and motor vehicles). In 2014, the health sector represented 20 per cent of United Nations system procurement (22 per cent in 2013), while the transport sector represented 15 per cent of the procurement volume (16 per cent in 2013).

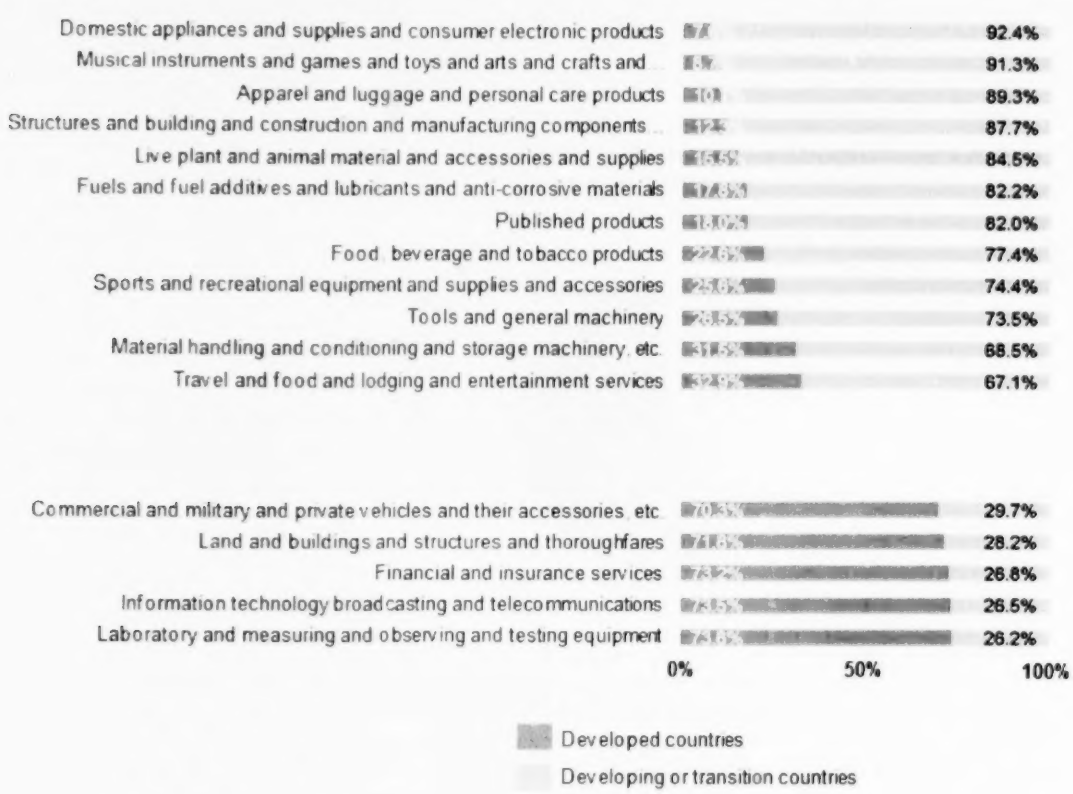
35. Three other sectors have a share of approximately 10 per cent of United Nations procurement volume in 2014: construction and engineering (construction supplies and services, engineering services and structures); food and farming (food, beverages, live plants and animals, and farming accessories and services); and management and administrative services.

36. Combined, the five largest sectors of procurement account for 64 per cent of the total procurement done by United Nations organizations in 2014 (compared to 69 per cent in 2013).

XII. Segments of goods and services procured from developed countries, developing countries and countries with economies in transition

37. In recent years, a majority of United Nations system procurement has come from countries with developing economies and countries with economies in transition. The following analysis shows which categories are predominantly procured from developed countries and which from developing countries and countries with economies in transition.

Figure 10. Categories with uneven distribution of procurement between developed and developing or transition economies (in percentages)



Note: Categories with less than $50 million of total procurement in 2014 were excluded from this chart.

38. In 2014, 12 different categories of products and services were widely procured from countries with developing economies and economies in transition (see figure 9). For each of those 12 categories, at least 66 per cent of the procurement volume came from developing countries and countries with economies in transition. Seven categories had more than 80 per cent of their procurement volume originating from developing countries and countries with economies in transition.[10]

39. In contrast, laboratory equipment, information technology equipment and financial and insurance services were largely procured from countries with developed economies. For each of those three categories, approximately three-quarters of the procurement volume was from developed countries. Two other categories displayed in figure 10 (commercial and military private vehicles and their accessories, and land and buildings and structures and thoroughfares) had approximately two-thirds of procurement volume originating from developed countries.[11]

[10] Six categories in 2013.
[11] Four categories in 2014.

Annex. Abbreviations used in figures 7 and 8

ECLAC – Economic Commission for Latin America & the Caribbean
ESCAP – Economic Commission for Asia and the Pacific
ESCWA – Economic & Social Commission for Western Asia
FAO – Food and Agricultural Organization of the United Nations
IAEA – International Atomic Energy Agency
IFAD – International Fund for Agricultural Development
IFC – International Finance Corporation
ILO – International Labour Organization
IMF – International Monetary Fund
IMO – International Maritime Organization
ITC – International Trade Centre
ITU – International Telecommunication Union
OPCW – Organisation for the Prohibition of Chemical Weapons
PAHO – Pan American Health Organization
UNAIDS – Joint United Nations Programme on HIV/AIDS
UNECA – United Nations Economic Commission for Africa
UNESCO – United Nations Educational, Scientific and Cultural Organization
UNFCCC – United Nations Framework Convention on Climate Change
UNHCR – United Nations High Commissioner for Refugees
UNICEF – United Nations Children's Fund
UNIDO – United Nations Industrial Development Organization
UNOG – United Nations Office at Geneva
UNON – United Nations Office at Nairobi
UNOV – United Nations Office at Vienna
UN/PD – United Nations Procurement Division
UNRWA – United Nations Relief and Works Agency
UNU – United Nations University
UNV – United Nations Volunteers
UNWOMEN United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)
UNWTO – United Nations World Tourism Organization
UPU – Universal Postal Union
WFP – World Food Programme
WHO – World Health Organization
WIPO – World Intellectual Property Organization
WMO – World Meteorological Organization